

# **Waconia Public Schools**

**Independent School District #110**

Serving the Communities of Minnetrista, New Germany,  
St. Bonifacius, Victoria and Waconia

## **2019-2020 Preliminary Budget**

**June 26, 2019**

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**Waconia Public Schools  
Independent School District #110  
School Board and Administration  
June 26, 2019**

**School Board**

<b>Name</b>	<b>Board Term Expires</b>	<b>Board Position</b>
Dana Geller	12/31/20	Chairperson
Tabitha Laumann	12/31/20	Vice-Chairperson
John Weinand	12/31/22	Director
Cathy Thom	12/31/20	Director
Mike Bullis	12/31/22	Director
Rachel Myers	12/31/22	Director
Jackie Johnson	12/31/22	Director

**Administration**

Patrick Devine	Superintendent
Todd Swanson	Director of Finance and Operations
Jessica Kilian	Clerk
District Offices:	Independent School District No. 110 Waconia Public Schools 512 Industrial Boulevard Waconia, MN 55387 (952) 442-0600

# **BUDGET OVERVIEW**

## **THE DISTRICT**

The legal name of the District is Independent School District Number 110 and is often referred to as Waconia Public Schools. The District, an outer ring Minneapolis suburban school district, serves a general population of approximately 22,700 and covers an area of about 99 square miles. The District owns and operates facilities in the city of Waconia. The District has one senior high school, one middle school, three elementary schools and one multipurpose facility which serve over 4,000 students.

The laws of the State of Minnesota give the authority to direct the District's business operations and educational functions to the District's School Board whose members are elected officials. The School Board has the authority to levy taxes, set fees, approve budgets, and staff positions along with other business and educational functions without prior approval from any other governmental unit. However, there are limits set in state statute. The amount of the levy components are either voter approved, derived from formulas set in statute or approved by the Minnesota Department of Education under guidelines set in statute. The School Board does have the authority to not levy the maximum levy permitted but in certain instances this causes a proportionate decrease in related state aid which is determined by the state legislature. The School Board does not have the authority to set the market value of property within the District nor to arbitrarily levy amounts needed to cover its expenditures. The expenditure budget must stay within predetermined revenue parameters determined through statutory formulas or reduce its fund balance or cut expenditures. The School Board can increase fees for those fees authorized in statute and seek grants. The School Board can issue debt with prior District voter approval. The Minnesota Department of Education does have some oversight responsibility over the District that is generally related to compliance and approval of certain laws and procedures. The School Board is responsible for the fiscal health of the District and the educational development of its students.

## **BUDGET POLICIES, DEVELOPMENT, ADMINISTRATION AND MANAGEMENT**

The Waconia Public School District's fiscal year commences July 1 of each year, which is consistent with most school districts and is law in Minnesota. The School Board, by law, must have a budget adopted for the upcoming fiscal year prior to July 1. Budgeting is a difficult process since many decisions regarding revenue are determined by the state legislature, which often doesn't adjourn until the middle to the end of May.

The budget sets forth the financial plan for the forthcoming fiscal year. It is based on the projected financial needs of the District to allocate limited resources in the best possible way to give the best educational opportunities to students. The budget process starts with the development of the plan and timeline with completion and adoption in June. The plan is disseminated to board members and administration and the preparation of the budget is implemented. The process begins in July of the preceding fiscal year as this is when tax levy planning starts. Several levy components such as the lease levy, Long-Term Facilities Maintenance and health & safety levy need to be completed in July so that the Department of Education has time to study and approve the amounts for the proposed levy process in September. The proposed tax levy is approved by the board in September so that the county has time to inform taxpayers of their total

tax impact in November. Taxpayers have an opportunity to express their concerns about their tax burden during hearings that take place in December. The board can then adjust the levy to reflect taxpayers concerns but must adopt the final levy in December. The board cannot increase the levy above the proposed amount without meeting certain exceptions such as a voter approved levy referendum. The administration reviews enrollment projections and determines staffing levels needed for the forthcoming year. A preliminary financial forecast is then prepared by the Director of Finance and Operations.

The budget process continues and involves staff at all levels as they inform administration of their needs and anticipated expenditures. These requests are then reviewed by their budget administrator who determines their appropriateness and if appropriate includes them in his/her budget. Each building principal is allocated an amount for supplies, materials and equipment, based on student enrollment of that building, which he/she must allocate to those accounts under his/her control. When each administrator has his/her budget assembled he/she forwards it to the business office where it is entered into the finance system.

The finance department staff, along with the Director of Finance and Operations, prepares the salary and benefits budget and updates this data to the financial system. Staff in the finance department review the data forwarded by each budget administrator and makes any necessary corrections. Preliminary budgets are compiled and presented to the School Board. The School Board considers these preliminary budgets, makes recommendations and changes, and adopts the final budget in June.

The budget is then implemented and administered. Administrators are responsible for approving purchase requisitions from their buildings or areas of responsibility. They must remain within the budget constraints and monitor their budgets from periodic reports they receive from the finance department. They also have the ability to review their budgets online through their computer terminal. The Director of Finance and Operations has responsibility for the financial integrity of the District. The availability of funds, the proper code classification, the maintenance of the coding structure and compliance with legal purchasing directives are all monitored by the finance department continuously. All bids must be authorized and approved by the School Board. The revenue and expenditure budgets are monitored and changed as conditions change. All revisions to the budget are approved by the School Board.

Independent auditors audit the District's financial operations annually. An audited Comprehensive Annual Financial Report is presented to the board annually which evaluates the District's results of operations. The District has a finance advisory committee which advises the board on financial matters.

## **FINANCIAL STRUCTURE**

The financial activity of the District is accounted for in several funds. Each fund is an independent accounting entity having its own set of accounts, assets, liabilities, fund balances, revenues and expenditures. The District uses nine funds: General, Food Service, Community Service, Building Construction, Debt Service, Trust, Internal Service, OPEB Irrevocable Trust, and OPEB Debt Service.

### **FUND DESCRIPTION**

#### **GENERAL FUND**

The General Fund is used to account for K-12 educational activities; instructional and student support programs; expenditures for the superintendent; administration; normal operations and maintenance; pupil transportation; capital expenditures; and legal expenditures not specifically designated to be accounted for in any other fund. A district may use General Fund revenues for capital purposes except when the requirements for a specific categorical revenue state that it may not be used for capital purchases.

#### **Transportation Services**

The General Fund is also used to show all financial activities of the District's pupil transportation program. Chargebacks must be made against other operating funds when appropriate.

#### **Capital Expenditures**

Revenue for total operating capital, the capital lease levy and revenue from bonds for certain capital facilities must be recorded in the reserve for operating capital in the General Fund. Revenue for Long-Term Facilities Maintenance must be recorded in the Reserves for these purposes in the General Fund.

Capital expenditures may be made from either the Unreserved General Fund, or from one of the appropriate reserves in the General Fund.

#### **Miscellaneous General Provisions**

If the unreserved fund balance in the Child Nutrition or Community Service Fund is in deficit, the deficit may be eliminated by a transfer from the General Fund (M.S. 121.912). See the following description of each fund to determine when a fund transfer is required. Such a transfer requires School Board action.

Extra-curricular activities under the control of the School Board must be recorded in the General Fund (M.S. 123.38, Subd. 2).

## **FOOD SERVICE FUND**

The Food Service Fund is used to record financial activities of a school district's food service program. Food service includes activities for the purpose of preparation and service of milk, meals and snacks in connection with school and community service activities.

All expenditures relating to meal preparation must be recorded in the Food Service Fund. Eligible expenditures include application processing, meal accountability, food preparation, meal service and kitchen custodial service (M.S. 124.646, Subd. 4 (c)).

Generally excluded from the Food Service Fund are the costs of lunchroom supervision, lunchroom custodial services, lunchroom utilities, or any other administrative costs that are the responsibility of the General Fund. These costs may only be included if a surplus exists in the Food Service Fund at the end of a fiscal year for three successive years. A district may then reclassify these costs for the third fiscal year, not to exceed the amount of the surplus in the Food Service Fund (M.S. 124.646, Subd. 4 (h)).

Capital expenditures may be made from the Food Service Fund only if (1) the Food Service Fund's year-end unreserved fund balance is greater than the cost of the equipment to be purchased, and (2) prior approval has been obtained from the Minnesota Children's Nutrition Section. If these conditions are not met, then the equipment may only be purchased from the General Fund (M.S. 124.646, Subd. 4 (d)).

If a deficit in the Child Nutrition Fund exists on June 30, and if that deficit is not eliminated by operations during the following year, it must then be eliminated by a permanent fund transfer from the General Fund. As an alternative to a fund transfer, a district may incur a deficit for up to three years without making the permanent transfer if the district submits to the Minnesota Children's Nutrition Section, by January 1 of the second fiscal year, a plan for eliminating the deficit at the end of the third fiscal year (M.S. 124.646, Subd. 4 (g)).

## **COMMUNITY SERVICE FUND**

The Community Service Fund is used to record all financial activities of the Community Service program. The Community Service Fund is comprised of four components, each with its own fund balance. The four components are Community Service, Community Education, Early Childhood Family Education (ECFE), and School Readiness.

Community Education includes only those activities authorized in M.S. 124D.19. The focus of these activities is enrichment programs for any age level that are not part of the K-12 education program. This section may also be used for K-12 summer school enrichment activities which, although educational in nature, are not for credit and are not required for graduation. A district may spend up to 10 percent of its community education revenue (levy, aids and fees) to purchase or lease computers and related items, equipment for instructional programs and library books used exclusively for community education (M.S. 124D.20, Subd. 8). The fund balance for Community Education is recorded in Fund Balance Code 431, Reserved for Community Education.

Early Childhood Family Education includes only activities authorized in M.S. 124D.13. The focus of these activities is to improve parenting skills of new and expectant parents, and to provide learning experiences for parents and children. The fund balance for Early Childhood Family Education is recorded in Fund Balance Account Code 432, Reserved for Early Childhood Family Education.

School Readiness includes only activities authorized in M.S. 124D.16. The focus of these activities is to prepare children to enter kindergarten. The fund balance for School Readiness is recorded in Fund Balance Account Code 444, Reserved for School Readiness.

The Community Service Fund also includes other community programs such as All Day Kindergarten, Preschool Screening, Adult Farm Management, and Nonpublic Pupil Aid programs. The fund balance for these community programs is recorded in Fund Balance Account Code 464.

When federal monies are expended for community service purposes as part of a program primarily for elementary/secondary children, the General Fund is used. Federal programs such as Adult Basic Education, which are predominately or totally directed toward adult groups, are recorded in the appropriate account of the Community Service Fund.

Funds may be transferred from the General Fund to the Community Service Fund for the employer contributions for TRA and FICA-Medicare for members of TRA who are paid from the Community Service Fund and who are not paid for by a fully funded grant or special project. The funds transferred must be recorded in the specific program areas from which the employer contribution expenditures were incurred (M.S. 123B.79, Subd. 3).

## **BUILDING CONSTRUCTION FUND**

The Building Construction Fund is used to record all operations of a district's building construction program that are funded by the sale of bonds or by capital loans. This fund is also used to account for any large scale, over \$500,000, construction related projects in the District.

Construction costs for buildings and additions consist of the following: expenditures for general construction; advertisement for contracts; payments on contracts for construction; installations of plumbing, heating, lighting, ventilating and electrical systems; expenditures for lockers, elevators, and other equipment; architectural and engineering services; travel expenses; paint and decorating expenses; and any other related costs.

All revenues and expenditures for projects being funded under the Capital Loan Program must be reported in this fund. There can be no borrowing from the Building Construction Fund. Any cash balance or investment in a Building Construction Fund is held in trust for authorized building projects for which the bonds were sold and must not be used to support cash deficits in other funds (M.S. 123B.78).

## **DEBT SERVICE FUND**

The Debt Service Fund is used to record revenue and expenditures for a school district's outstanding bonded indebtedness, whether for building construction or operating capital, and whether for initial or refunding bonds.

When a bond issue is sold, the school board must levy a direct general tax upon the property of the District for the payment of principal and interest on such bonds as due. The revenue from such a tax and related state aid must be separately accounted for in a Debt Service Fund (M.S. 475.61).

When an excess is accumulated in a Debt Service Fund due to interest earnings, lower than anticipated tax delinquency, or excess building funds, the levy for debt service may be reduced in whole or part as dictated by fund balances and debt retirement requirements. When there are accumulations in the fund as the process of debt repayment nears an end; the accumulations should be used to reduce debt levies. When there is any balance left in the Debt Service Fund after all obligations have been discharged, such balance shall be permanently transferred to the General Fund, with an equal levy reduction (M.S. 475.61).

Net revenue is included in this fund (revenue minus operating expenditures) from rental or lease of property not currently being used for school purposes when there is outstanding debt on the property. The net revenue should be used to reduce the Debt Service Levy in accordance with Minn. Stat. § 123B.51, Subd. 4. Revenue from sale or reimbursement from loss of property shall be deposited in this fund if the property has outstanding bonds. Amounts in excess of the amount required to retire the bonds may remain in the Debt Service Fund or be deposited in the Balance Sheet Code 424, Restricted/Reserved for Operating Capital, in the General Fund according to Minn. Stat. § 123B.51, subdivision 6. There can be no borrowing from the Debt Service Fund. Any cash balance or investment in the Debt Service Fund is held in trust for the bondholders and must not be used to support cash deficits in other funds. Minn. Stat. § 123B.78, Subd. 4.

## **TRUST FUND**

The Trust Fund is used to record the revenues and expenditures for trust agreements where the school board has accepted the responsibility to serve as trustee. The property in the trust agreement typically comes to the district by gift. For example, a community member may create a scholarship trust to be awarded to an outstanding student every year or the local parent group may establish a trust to purchase computer equipment.

## **INTERNAL SERVICE FUND**

An internal service fund is used to account for the financing of goods or services provided by one department to another within the school district or to other governmental units on a cost-reimbursement basis. School districts are not required to use internal service funds. The most common use of an internal service fund by school districts is for self-insurance programs.

The Internal Service Fund is used to collect premiums and to pay invoices for the District's self-insured dental plan.

## **OPEB IRREVOCABLE TRUST FUND**

This trust fund is used for reporting resources set aside and held in an irrevocable trust arrangement for post-employment benefits. District contributions to this fund must be expensed to an operating fund.

## **OPEB DEBT SERVICE FUND**

Activity to record levy proceeds and the repayment of the OPEB bonds is accounted for in this fund.

***Why is all of this important?*** - It is important to be aware of the fund structure because, ***with very few exceptions, money cannot be transferred from one fund to another.*** So, for example, raising school lunch prices is not a solution to a shortfall in the general fund. Similarly, money in the debt service fund or the construction fund cannot be used to pay teacher salaries.

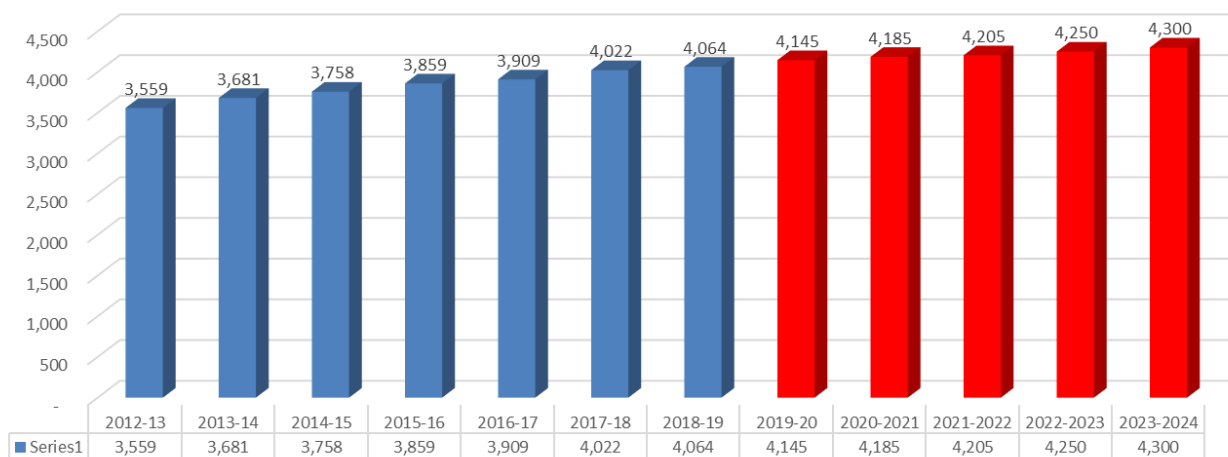
## ENROLLMENTS

Enrollment in the Waconia Public Schools grew fairly rapidly in the past ten years. That growth slowed down in the 2018-19 school year. District staff is expecting moderate growth for the next five years but is watching the area for housing starts that would indicate a period of increased growth as well. Information regarding actual enrollment counts from the fall of 2012 to the fall of 2019 is provided in the tables below.

Waconia Public Schools - Enrollment History and Projection - June 20, 2019

Grade	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	Projected				
								2019-20	2020-2021	2021-2022	2022-2023	2023-2024
K	259	275	264	288	273	305	278	288	295	300	305	310
1	286	269	277	274	304	280	298	298	295	300	305	310
2	264	302	289	286	285	316	283	312	300	300	305	310
3	261	267	303	293	286	289	317	302	315	305	305	315
4	262	272	281	309	305	287	290	327	305	320	310	305
5	288	277	282	290	315	312	290	297	330	310	325	325
6	298	304	281	287	302	317	322	297	300	335	315	335
7	252	302	305	294	287	310	325	327	300	305	340	325
8	261	255	307	310	288	296	307	328	335	305	315	345
9	295	282	278	333	345	319	322	338	345	350	340	335
10	261	298	279	278	329	345	320	327	350	350	355	350
11	268	288	308	302	289	331	350	342	350	360	365	365
12	304	290	304	315	301	315	362	362	365	365	365	370
Totals	3,559	3,681	3,758	3,859	3,909	4,022	4,064	4,145	4,185	4,205	4,250	4,300

Enrollment by Year - 2012-2013 thru 2018-2019 Actuals  
with 2019-2020 thru 2023-2024 Projected



The district has budgeted for 4,145 students in the 2019-2020 school year. Budgeted revenues and expenses will be revised to reflect actual student enrollment periodically throughout the year.

### ***Why Is This Important?***

Because the principal source of revenue to the district is the “general education basic formula”. For 2019-2020, this formula will provide the District with \$6,438 in state aid for each “pupil unit”. (A “pupil unit” is essentially one child enrolled for the entire school year, but each child in grades 7-12 is counted as more than 1 pupil unit to account for expenses for co and extra-curricular programs). Currently pupils are weighted as “pupil units” according to the following:

#### **Grade Level “Pupil Unit” Weight**

Kindergarten – 1.0; Grades 1 to 6 - 1.0; Grades 7 to 12 - 1.2.

For example, since each high school student counts as 1.2 pupil units, the school district receives 1.2 X \$6,438 in general education basic revenue for each high school student, or \$7,726. The general education basic aid formula is the single largest source of revenue for Waconia Public Schools, providing an estimated \$31,273,747 in 2019-2020. This comprises 67% of the District’s total general fund revenue for the year.

### **General Fund**

#### **Purpose**

The General Fund contains all revenue and expense for the general, day-to-day operations of the school district. This includes salaries and benefits for teachers, administrators, custodians, secretaries, and paraprofessionals; instructional supplies; technology; transportation; textbooks, and money spent to operate and repair district buildings.

In some ways, it is clearer to express the general fund in terms of what it does not cover. The general fund does not cover Food Service; Community Education (including Kids Company); debt service payments on bonds issued by the District; and the cost of major construction projects financed through the issuance of bonds.

The preliminary budget for 2019-2020 contains moderate changes in staffing and programs from the previous year. The 2019 Legislative Session had just finished when the budget was completed. Estimates are noted where applicable. At this point the district is including a 2.0% increase in basic aid funding for the 2019-2020 School Year. The table below outlines historical per-pupil-unit funding. Please note that a change in how pupil units were calculated results in a larger formula allowance than what can be explained by looking at the simple dollar increase alone. The percentage increase shows the true picture of what has changed in state funding.

School Year	Formula Allowance	% Change from Prior Year
2011-2012	\$5,174	1.0 % Increase in Funding Formula
2012-2013	\$5,224	1.0 % Increase in Funding Formula
2013-2014	\$5,302	1.5 % Increase in Funding Formula
2014-2015	\$5,831	1.9 % Increase in Funding Formula
2015-2016	\$5,947	2.0 % Increase in Funding Formula

2016-2017	\$6,067	2.0 % Increase in Funding Formula
2017-2018	\$6,188	2.0 % Increase in Funding Formula
2018-2019	\$6,312	2.0 % Increase in Funding Formula
2019-2020	\$6,438	2.0 % Increase in Funding Formula
2020-2021	\$6,567	2.0 % Increase in Funding Formula

## **Fund Balance Policy**

The level of spending is set with a number of considerations in mind, but one of the chief considerations is to maintain an adequate level of reserves for unanticipated events. The district has a formal policy calling for an unrestricted balance in the general fund, including committed (restricted), assigned, and unassigned categories, equal to at least 5% of one year's expenditures. This balance could be considered to be the District's "savings account". Maintaining a prudent fund balance is important for the stability of the district, and is a key measure that bond rating agencies examine when assigning a credit rating to a district's bond sale.

The projected committed (restricted), assigned and unassigned general fund balance as of June 30, 2019 is projected to be a **negative \$6,488,570**. The District is currently in statutory operating debt. The District is working with the state on a plan to reduce this negative fund balance within the next five years and regain its financial health. The District has taken two large steps on that road. The first step was the passage of the \$525 per pupil referendum in the fall of 2018 by the voters in the district. The second step was a reduction in spending of approximately \$1.38 million enacted in the Spring of this year. This has led to a budget that is projecting a surplus for the 2019-2020 school year. Additional work is needed to be done to assist the district in regaining its financial health. The administration and school board is committed to the process and is currently exploring all options in regards to improving the district's financial health.

Unanticipated events that could occur that would require the District to dip into its unrestricted fund balance include:

- Property tax delinquencies and abatements
- Enrollment fluctuations
- Unanticipated price increases for essential purchases, e.g. fuel for heating and transportation
- State revenue reductions or "aid pro-rations"
- Changes in the way the state allocates revenues to pay for required Special Education services
- Severe weather

## **General Fund Revenue**

Waconia Public Schools receives revenues from two primary sources: local property taxes and state funding. A relatively small amount of revenue is also received from the federal government; fees and charges, and interest income. Highlights for 2019-2020 include:

Waconia Public Schools will receive approximately \$46,744,869 to support the general operations of the district. This is an increase of \$3,775,671 from the preceding year. The increase in revenue is primarily due to the passage of the operating referendum increasing funds per pupil by \$525 or approximately \$2.3 million. Other increases in revenue included funding for enrollment increases combined with increases in state aid payments.

## **General Education Programs**

General education revenue is a combination of several revenue categories that provide the major share of funding for school districts. Most of the general education revenue is for the general operation of the school district and is not designated by the state for a specific purpose. General education revenue is part aid and part levy, with the equity, transition, operating capital, alternative compensation and referendum portions of the general education program being equalized.

The basic general education formula for 2019-2020 is projected to be \$6,438 per pupil unit. State aid estimates are primarily based on session laws passed in 2019. The 2019 Legislative Session had just finished when the budget was completed.

Basic general education revenue plus several additional components (extended time, gifted and talented, basic skills, secondary sparsity, elementary sparsity, operating capital, transportation sparsity, equity revenue, training and experience, alternative compensation, transition, and referendum) make up total general education revenue. Operating capital revenue is treated as a separate component in putting together the budget for Waconia Public Schools.

Basic revenue is also referred to as basic formula, or formula revenue. Basic revenue is calculated as the basic formula allowance (\$6,438 for 2019-2020) times the district's adjusted marginal cost pupil units (AMCPU). AMCPU is calculated as the greater of the district's current year weighted students in average daily membership served in the district (adjusted pupil units) or the district's current year adjusted pupil units multiplied by 77 percent, plus the district's prior year weighted pupil count multiplied by 23 percent. This calculation allows districts that have declining adjusted pupil units to count 23 percent of the reduction in adjusted pupil units in their formulas for calculating current year revenue. [126C.10, 2]

## **Special Education**

### **Special Education Mandate:**

Local school districts are required by state law to provide appropriate and necessary special education to children with disabilities from birth to 21 years of age. Children with disabilities are defined in statute to

include children who have a hearing impairment, visual disability, speech or language impairment, physical disability, mental disability, emotional behavioral disorder, specific learning disability, deaf/blind disability, or other health impairment. The definition of a child with a disability also includes every child under age five who needs special instruction and services, as determined by state standards, because the child has a substantial delay or an identifiable and known physical or mental condition. The mandate for service does not include pupils with short-term or temporary physical or emotional disabilities.

Special instruction and services for children with disabilities must be based on the assessment and individualized education program (IEP). The statutes and rules specify school district responsibilities for program decisions for children with disabilities and for the education of children who are placed outside the district where their parents reside. Districts are required to provide special education on a shared time basis to pupils enrolled in nonpublic schools.

### **Special Education Funding Formulas:**

School districts receive state aid and some federal aid to pay for special education services. If these funds are insufficient to pay for the costs of the programs, districts must use other general fund revenue. (Minn. Statute 125A.75-125A.79)

The 2013 Omnibus Education Finance bill modified the way Minnesota's special education services are funded for fiscal year 2014 and later. Prior to the changes, Minnesota's special education formula was considered a partial cost reimbursement formula. As the following pages describe, this formula calculated each district's authorized spending on special education services (consisting primarily of the salary costs of special education teachers and aides providing services to students with IEP's) and reimbursed the district for a portion of those costs.

During the 2013 session, Gov. Mark Dayton proposed modifying the formula to base a portion of the funding on a "census style" of funding. Under a census-funding basis, a count (census) of different types of students is made and funding is assigned for each category of disability.

The 2013 Legislature included a modified version of the governor's funding proposal. The goal of the formula is to provide some special education funding based on student characteristics and to partially move away from a cost-reimbursement formula.

For fiscal years 2014 and 2015, the new formula was being phased in and combined elements of the cost-based special education aid formula with a cross-subsidy reduction aid based on the characteristics of the district.

Beginning in fiscal year 2016, a district is eligible for the sum of its special education-related transportation services, and the **lesser of**:

- (1) 50 percent of the district's nonfederal expenditures for the previous year;
- (2) 62 percent of the district's special education revenue computed under the old formulas; or
- (3) 56 percent of the sum of:
  - (a) the district's average daily membership times the sum of:
    - (i) \$450;
    - (ii) \$400 times the district's percent eligible for free and reduced price meals; and
    - (iii) .008 times the district's average daily membership;

- (b) \$10,400 times the count of students with autism spectrum disorder, developmental delay, or severely multiply impaired;
- (c) \$18,000 times the count of students who are deaf/hard of hearing or have an emotional behavioral disorder; and
- (d) \$27,000 times the count of students who are developmentally cognitive mild-moderate, developmentally cognitive severe-profound, physically impaired, visually impaired, or deafblind.

**Excess Cost Aid:**

For fiscal year 2016 and later, a district's special education excess cost aid equals the greater of: (1) 56 percent of the difference between the district's unreimbursed special education expenditures and 7 percent of the district's general revenue; or (2) 62 percent of the difference between the district's unreimbursed special education revenue under the former formula and 2.6 percent of general revenue.

For years prior to fiscal year 2014, excess cost aid was designed to provide additional special education funding for districts that have extremely high levels of unreimbursed special education expenses. A school district's excess cost aid was capped in much the same manner as the regular special education aid for those years. Total statewide excess cost aid was limited to a fixed amount set in statute for fiscal years 2008 to 2011, was annually inflated by 2 percent for subsequent fiscal years, and was also adjusted for the change in pupil counts for each year. Each district's initial excess cost aid is based on the difference between unreimbursed special education costs and other general education revenue. For fiscal years 2009 to 2014, initial excess cost aid equaled the greater of (1) 75 percent of the difference between the district's unreimbursed special education cost and 4.36 percent of the district's general education revenue; or (2) zero.

A district's excess cost aid is its initial excess cost aid prorated to the state total excess cost aid by multiplying the district's initial excess cost aid by the ratio of the state total excess cost aid to initial (uncapped) state total excess cost aid.

**Special Education Revenue Continued**

Special Education funding is one of the most complex funding mechanisms used by the State of Minnesota. The new funding formulas have resulted in a large shift in mandated expenses for Waconia Public Schools. This funding shift will require ISD 110 to either make reductions in programs normally funded with general education revenue, increase operating revenue through an additional operating levy or a combination of both. Changes in the funding formula at the state level in the current year appear to give some relief from the problem. More help is needed at the legislative level in the coming years in order to get this funding mechanism corrected.

**Federal Programs**

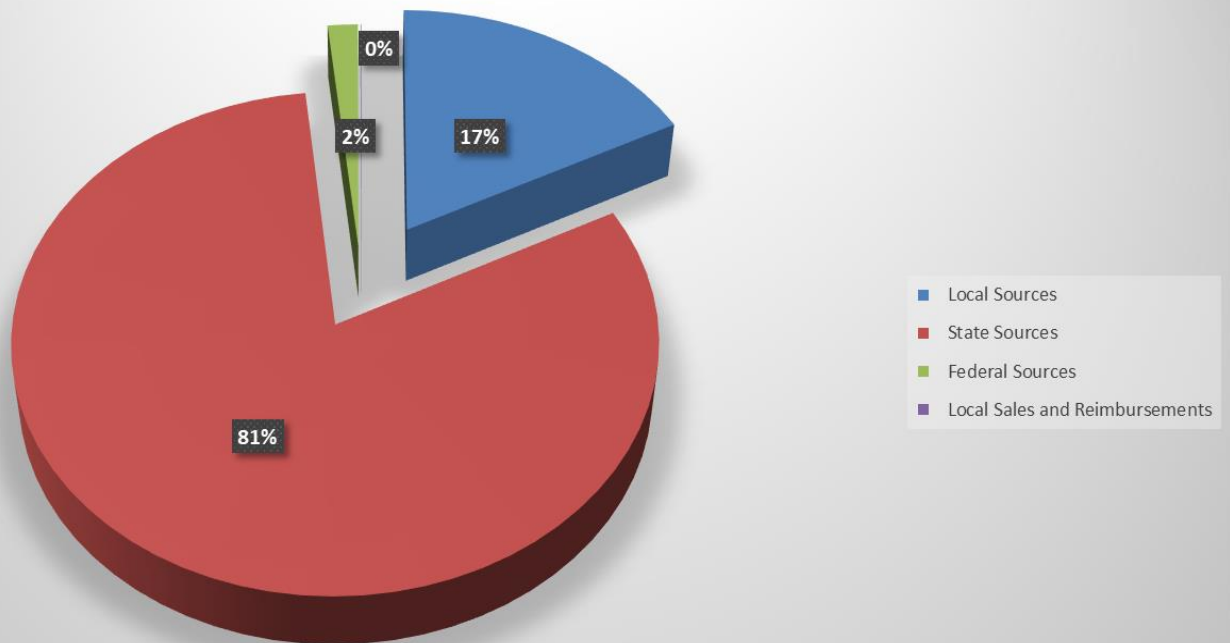
Federal funding is generally provided to supplement the costs of providing instructional services in specific vocational, adult, and special education programs for educationally or economically disadvantaged students. Federal funds are a relatively modest revenue source for the general fund, but significant for target population groups. In FY 2019-2020, Waconia Public Schools will receive approximately \$773,624 in federal funding.

## Where Does the Money Come From?

As the pie chart below shows, most general fund revenue for Waconia Schools is state aid 81%. The second largest portion - 17%, comes from local revenues, fees, admission charges, earnings on investments, and property taxes assessed on property within the District. Finally, federal aid provides 2% of general fund revenue. Both state aid and local property tax revenues are strictly controlled by the state. Other financing sources are revenues derived from short term borrowing for cash flow purposes. These sources of revenue are not included in the pie chart below. The District borrowed \$5 million for these short term borrowing needs in the 2018-2019 school year and another \$7 million is expected to be needed for the 2019-2020 school year. Additionally the district borrowed \$500,000 from future Operating Capital monies in the 2018-2019 school year to help in finishing off the high school stadium project. These borrowed funds were also not included in the revenue charts below.

<b>REVENUES:</b>	<b>2018-2019</b>	<b>%</b>	<b>2019-2020</b>	<b>%</b>
Local Sources	\$ 5,757,694	13%	\$ 8,120,447	17%
State Sources	36,385,814	85%	37,835,798	81%
Federal Sources	810,690	2%	773,624	2%
Local Sales and Reimbursements	15,000	0%	15,000	0%
<b>TOTAL REVENUES</b>	<b>\$ 42,969,198</b>	<b>100%</b>	<b>\$ 46,744,869</b>	<b>100%</b>

2019-2020 Revenues Budget



## **General Fund Expenditures**

### **Allocations**

Amounts distributed to schools and other offices for supplies and similar expenses remained the same as in the prior year.

### **Expenditures by Category 2019-2020**

The school district budget consists of the following types of expenditures. About 80 cents of each dollar will be spent for salaries and employee benefits.

#### **Salaries (\$27,246,760)**

Regular salary related to personnel positions, extra-curricular assignments, overtime, substitute costs.

#### **Employee Benefits (\$9,899,995)**

Health, Dental, Life, Long-term disability, workers' compensation, retirement plans and recording of post-retirement benefits for current employees.

#### **Purchased Services (\$5,582,989)**

Includes utilities, consultants, postage, insurance, repair and maintenance services, transportation contracts, travel/conferences, payments to other districts and tuition.

#### **Supplies & Materials (\$1,873,981)**

Textbooks, instructional supplies, office and custodial supplies, computer software, and related copier costs. Includes fuel for buildings.

#### **Capital Expenditures (\$724,756)**

Capital expenditures consist of expenditures for acquisition, additions, or improvement of a capital asset, which may include land, improvements to land, easements, buildings, building improvements, vehicles, machinery, and equipment.

#### **Debt Service Expenses (\$7,166,287)**

Debt service expenses relate mainly to the costs of the short term borrowing the district is undertaking at this time. The principal costs of these other uses of funds of \$5 million in 2018-2019 and \$7 million in the 2019-2020 school year have not been included in the charts on the next page to give a better picture of the expense budget and history of the district.

#### **Miscellaneous and Other expenditures (\$319,409)**

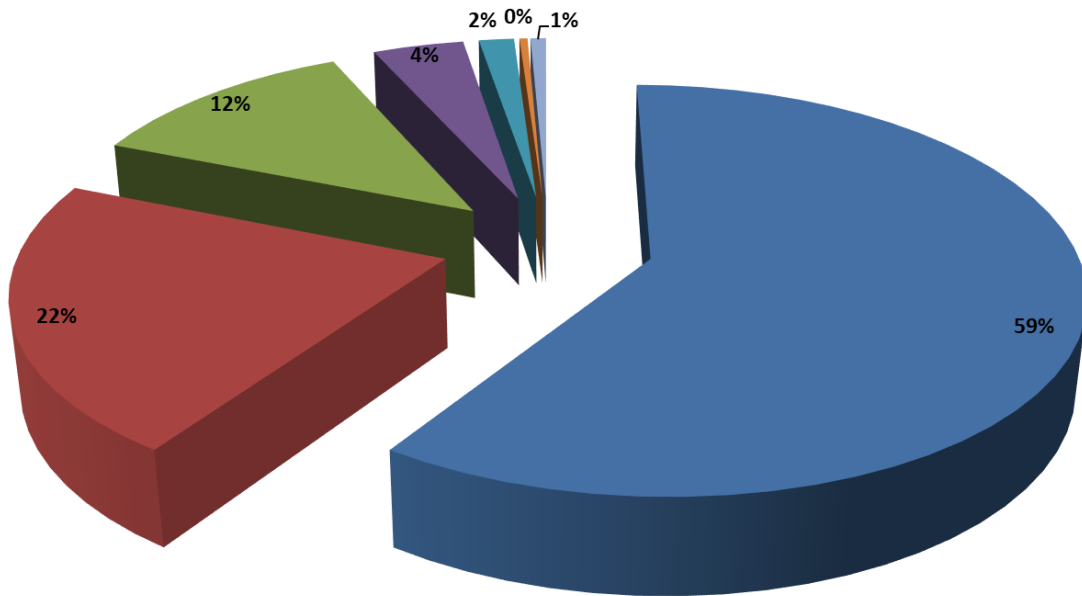
Includes all expenses that cannot be classified as above.

A graph of these expenses is included in the table and chart on the next page:

<b>EXPENDITURES:</b>	<b>2018-2019</b>	<b>%</b>	<b>2019-2020</b>	<b>%</b>
Salaries and Wages	\$ 28,263,924	56%	\$ 27,246,760	59%
Employee Benefits	9,888,920	20%	9,899,995	22%
Purchased Services	6,357,739	13%	5,582,889	12%
Supplies and Materials	1,996,677	4%	1,873,981	4%
Capital Expenditures	3,250,638	6%	724,756	2%
Debt Service Expenditures	151,500	0%	166,287	0%
Other Expenditures	320,687	1%	319,409	1%
<b>TOTAL EXPENDITURES</b>	<b>\$ 50,230,085</b>	<b>100%</b>	<b>\$ 45,814,077</b>	<b>100%</b>

### 2019-2020 Expenditures by Object Budget

■ Salaries and Wages    
 ■ Employee Benefits    
 ■ Purchased Services    
 ■ Supplies and Materials  
■ Capital Expenditures    
■ Debt Service Expenditures    
■ Other Expenditures



## **Expenditures by Program**

**ADMINISTRATION:** These programs include all costs for general administration, instructional administration and school site administration for the school district. Administrative services are defined as those provided by head administrators who are in charge of instructional or instruction-related units. This includes the school board, superintendent, principals, assistant superintendents, and directors of instructional areas. Included are the costs of their immediate offices, including those individuals in direct support of the administrator. This series does not include administrators of non-instructional activities such as the business manager, food service manager, or director of buildings and grounds.

**DISTRICT SUPPORT SERVICES:** Consists of activities related to general administrative support not listed above. This area covers federal programs, human resources, government relations, school elections, and miscellaneous district administration not otherwise classified.

**ELEMENTARY AND SECONDARY REGULAR INSTRUCTION:** Consists of all activities dealing directly with the teaching of pupils, the interaction between teachers and pupils in the classroom and co-curricular activities at the kindergarten, elementary and secondary levels.

**VOCATIONAL INSTRUCTION:** Courses and activities that develop knowledge, skills, attitudes and behavioral characteristics for students seeking career exploration and employability.

**SPECIAL EDUCATION INSTRUCTION:** Activities providing learning experiences for pupils of any age who, because of certain atypical characteristics or conditions, need, or who would benefit by, educational programs different from those provided pupils in regular or vocational instruction.

**INSTRUCTIONAL SUPPORT SERVICES:** Activities for assisting the instructional staff with the content and process of providing learning experiences for pupils in kindergarten through twelfth grade.

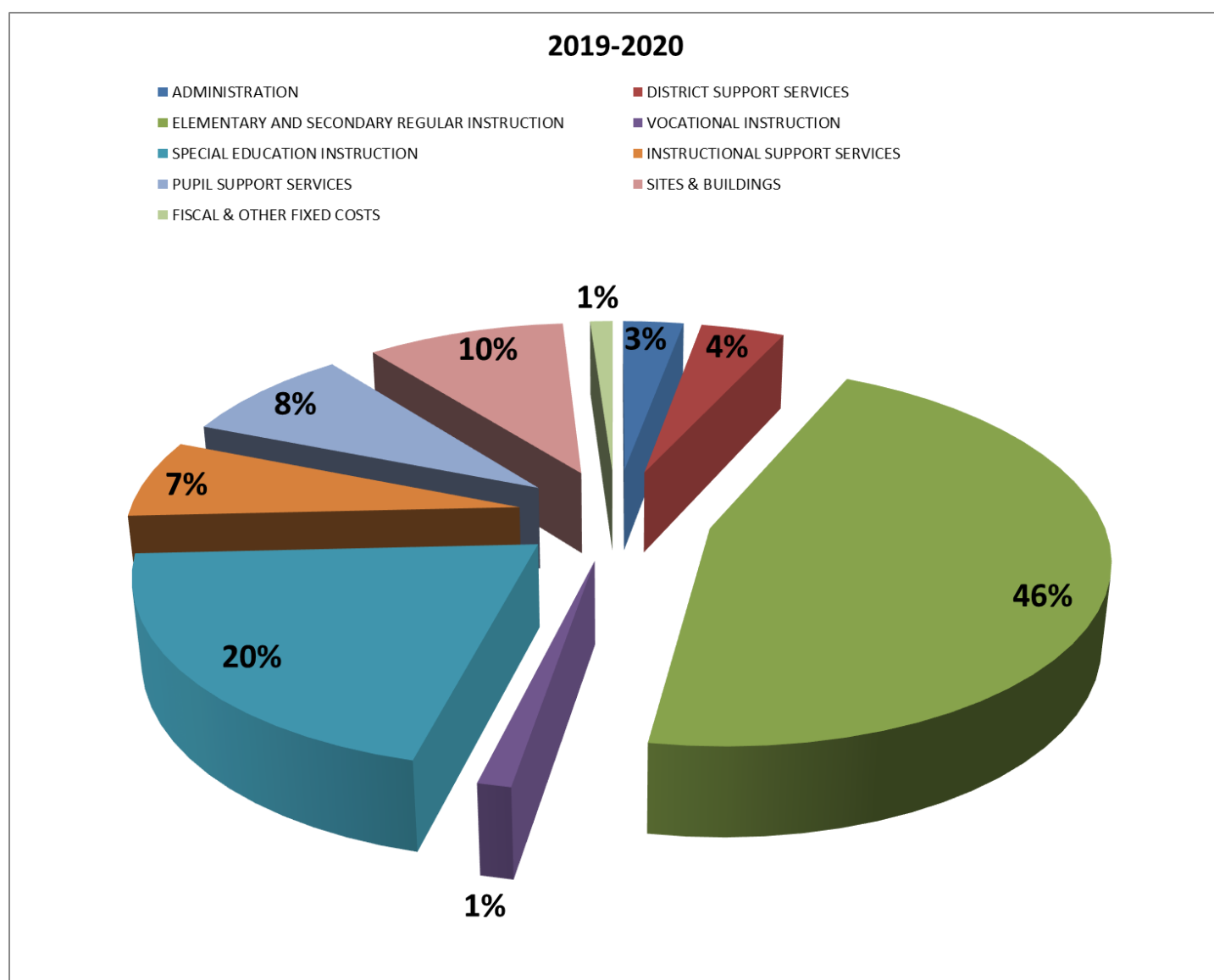
**PUPIL SUPPORT SERVICES:** Includes all services provided to pupils who do not qualify to be classified as instructional services (counseling/guidance, health, psychological, social work, transportation, other)

**SITES & BUILDINGS:** Activities related to the acquisition, operation, maintenance, repair and remodeling of all physical plant, facilities and grounds of the school district.

**FISCAL & OTHER FIXED COSTS:** Fiscal and fixed cost activities that are not recorded elsewhere. The principal costs of the short term borrowings of \$5 million in 2018-2019 and \$7 million in the 2019-2020 school year have not been included in the charts on the next page to give a better picture of the expense budget and history of the district. These costs are categorized as other uses of funds and are not included in the graphical analysis of historical and budgeted future expenditures.

Graphs of the various costs by program are provided below.

Program	2018-2019	%	2019-2020	%
ADMINISTRATION	\$ 1,345,792	3%	\$ 1,336,675	3%
DISTRICT SUPPORT SERVICES	1,974,475	4%	1,851,971	4%
ELEMENTARY AND SECONDARY REGULAR INSTRUCTION	21,871,465	44%	20,952,633	46%
VOCATIONAL INSTRUCTION	569,695	1%	542,313	1%
SPECIAL EDUCATION INSTRUCTION	9,477,333	19%	9,331,117	20%
INSTRUCTIONAL SUPPORT SERVICES	3,275,372	7%	3,093,746	7%
PUPIL SUPPORT SERVICES	3,980,157	8%	3,824,002	8%
SITES & BUILDINGS	7,253,036	14%	4,383,860	10%
FISCAL & OTHER FIXED COSTS	482,760	1%	497,760	1%
Totals	\$ 50,230,085	100%	\$ 45,814,077	100%



# INDEPENDENT SCHOOL DISTRICT #110

**Preliminary General Fund Budget**  
**Board Approval Date - June 26, 2019**  
**2019-2020 School Year**

	2017-2018	2018-2019	2019-2020
	Audited Actuals	Revised Budget	Preliminary Budget
<b>FUND BALANCE, JUNE 30</b>	<b>\$ 4,543,461</b>	<b>\$ 271,567</b>	<b>\$ (6,489,320)</b>
<b>REVENUES:</b>			
Local Sources	\$ 4,885,604	\$ 5,757,694	\$ 8,120,447
State Sources	34,182,304	36,385,814	37,835,798
Federal Sources	921,053	810,690	773,624
Local Sales and Reimbursements	(8,482)	15,000	15,000
Other Finance Sources	12,450	5,500,000	7,000,000
<b>TOTAL REVENUES</b>	<b>\$ 39,992,929</b>	<b>\$ 48,469,198</b>	<b>\$ 53,744,869</b>
<b>EXPENDITURES:</b>			
Salaries and Wages	\$ 26,734,398	\$ 28,263,924	\$ 27,246,760
Employee Benefits	9,115,670	9,888,920	9,899,995
Purchased Services	5,971,517	6,357,739	5,582,889
Supplies and Materials	1,772,933	1,996,677	1,873,981
Capital Expenditures	347,124	3,250,638	724,756
Debt Service	-	5,151,500	7,166,287
Other Financing Uses and Expenditures	323,181	320,687	319,409
<b>TOTAL EXPENDITURES</b>	<b>\$ 44,264,823</b>	<b>\$ 55,230,085</b>	<b>\$ 52,814,077</b>
<b>SURPLUS OR (DEFICIT)</b>	<b>\$ (4,271,894)</b>	<b>\$ (6,760,887)</b>	<b>\$ 930,792</b>
<b>FUND BALANCE, JUNE 30</b>	<b>\$ 271,567</b>	<b>\$ (6,489,320)</b>	<b>\$ (5,558,528)</b>
<b>Analysis of Equity Balances as of:</b>	6/30/2018	6/30/2019	6/30/2020
<b>Nonspendable</b>	51,369	25,000	25,000
<b>Restricted/Reserved</b>			
Staff Development	-	4,500	-
Deferred Maintenance	-	-	-
Learning and Development	-	-	-
Area Learning Center	-	5,218	5,000
Third Party Billing	89,661	75,961	25,000
Gifted and Talented	5,898	2,544	-
Basic Skills	147	-	-
Safe Schools	59,481	7,408	5,000
Operating Capital	1,533,114	5,133	201,684
Health and Safety	(22,121)	-	-
Long Term Facilities Maintenance	357,322	-	252,254
<b>Unassigned</b>	<b>(1,803,304)</b>	<b>(6,615,084)</b>	<b>(6,072,466)</b>
<b>Total Equity Balances</b>	<b>271,567</b>	<b>(6,489,320)</b>	<b>(5,558,528)</b>

## **Capital Program and Long-Term Facilities Maintenance Programs**

The Capital Program has undergone many changes with the addition of a new Long-Term Facilities Maintenance Program that was passed by the legislature and signed by the Governor June 13, 2015.

Long-term Facilities Maintenance Revenue may be used for the following purposes as defined in the law:

- Deferred capital expenditures and maintenance projects necessary to prevent further erosion of facilities
- Increasing accessibility of school facilities,
- Health and Safety projects under Minnesota Statutes, Section 123B.57, including health, safety and environmental management costs associated with implementing the district's health and safety program.

To qualify for Long-Term Facilities Maintenance Revenue school districts must have a ten year plan adopted by the school board. The application must be submitted to the Minnesota Department of Education by July 31, 2019 and should include the following components:

- A spreadsheet summarizing the total planned expenditures by category for each of the next ten years.
- For districts with indoor air quality, fire alarm and suppression and asbestos abatement projects costing \$100,000 or more per site in FY 2019 or 2020, a narrative describing each project in greater detail.
- For districts with deferred maintenance projects costing \$2,000,000 or more per site in FY 2019 or 2020, a narrative describing each project in greater detail.
- A spreadsheet showing how the district plans to fund its proposed expenditures with Long-Term Facilities Maintenance revenue over the next ten years.

The District's Long Term Facilities Maintenance Plan will be submitted to the school board for approval in July.

## **Food Service Fund**

Wildcat Café is the District department that provides meal services and nutrition education services in Waconia Schools. Over 3,000 meals are served each day. Lunch prices for FY 2019-2020 will increase slightly as the result of federal regulations enacted as a result of the Healthy Hunger Free Kids Act.

Lunch prices are as follows:

2019-2020 - Elementary - \$2.85; Middle - \$3.00 Secondary \$3.15; Adult \$3.90

All revenues and expenses associated with the program must be accounted for in a separate fund. By law, these revenues can only be spent to provide school lunches and pay certain closely related expenses.

Revenues consist of:

Breakfast sales to students and adults

Lunch sales to students and adults

Ala-Carte sales to students and adults

Federal aid provided on each meal served

State aid provided on each meal served

Federal subsidies for food served to students from families with low incomes

Catering sales to groups using the schools

Expenses consist primarily of food, supplies, equipment, and labor costs.

The District continues to make improvements with farm to school initiatives which include edible classroom, staff training, and local purchasing including over 30 varieties of produce, honey, maple syrup, and eggs. The district writes grants every year for different opportunities. Most recently it was awarded a grant to purchase bulk milk dispensers to move away from cartoned milk and give students an opportunity to take as much milk as they would like. Two new popcorn makers and two new frozen yogurt machines were implemented this past year at the High School and Middle School to support the smart snack program under the Healthy Hunger Free Kids Act. Increased staff training will also be provided to all food service staff.

The food service fund budget for FY 2019-2020 shows revenue of \$2,408,850 and expenses of \$2,418,195. The fund balance is projected to be \$739,732 on June 30, 2020.

# INDEPENDENT SCHOOL DISTRICT #110

## Food Service Fund Preliminary Budget

Board Approval Date - June 26, 2019

2019-2020 School Year



	2017-2018	2018-2019	2019-2020
	Audited Actuals	Revised Budget	Preliminary Budget
<b>FUND BALANCE, JUNE 30</b>	<b>\$ 884,034</b>	<b>\$ 790,375</b>	<b>\$ 749,077</b>
<b>REVENUES:</b>			
Local Sources	\$ 11,648	\$ 10,500	\$ 10,500
State Sources	129,995	114,116	120,850
Federal Sources	525,451	500,245	515,150
Local Sales and Reimbursements	1,621,653	1,719,350	1,762,350
<b>TOTAL REVENUES</b>	<b>\$ 2,288,747</b>	<b>\$ 2,344,211</b>	<b>\$ 2,408,850</b>
<b>EXPENDITURES:</b>			
Salaries and Wages	\$ 771,464	\$ 778,602	\$ 777,457
Employee Benefits	357,262	400,582	395,513
Purchased Services	146,504	162,025	171,025
Supplies and Materials	1,050,352	1,004,850	1,024,750
Capital Expenditures	56,164	35,000	45,000
Other Expenditures	660	4,450	4,450
<b>TOTAL EXPENDITURES</b>	<b>\$ 2,382,406</b>	<b>\$ 2,385,509</b>	<b>\$ 2,418,195</b>
<b>SURPLUS OR (DEFICIT)</b>	<b>\$ (93,659)</b>	<b>\$ (41,298)</b>	<b>\$ (9,345)</b>
<b>FUND BALANCE, JUNE 30</b>	<b>\$ 790,375</b>	<b>\$ 749,077</b>	<b>\$ 739,732</b>

## **Community Service Fund**

Community Education programs provide school district residents with the opportunity to use educational facilities and programs during non-school hours. Community Education programs are also available to K-12 students during the summer. Major programs include Kids Company, Youth Recreation, Wildcat Preschool, Early Childhood Family Education, and Youth and Family Enrichment.

The Community Education Department also schedules the use of the district's facilities outside of school hours, including athletic facilities.

Fiscal Year 2019-2020 revenue is budgeted at \$3,384,049 and expenditures are budgeted at \$3,359,456.

# INDEPENDENT SCHOOL DISTRICT #110

## Community Education Fund Preliminary Budget

Board Approval Date - June 26, 2019

2019-2020 School Year



	2017-2018	2018-2019	2019-2020
	Audited Actuals	Revised Budget	Preliminary Budget
<b>TOTAL FUND BALANCE, JUNE 30</b>	<b>\$ 575,120</b>	<b>\$ 580,797</b>	<b>\$ 614,947</b>
<b>REVENUES:</b>			
Local Sources	\$ 2,728,497	\$ 2,828,206	\$ 2,922,129
State Sources	371,665	379,003	383,920
Federal Sources	-	-	-
Local Sales and Reimbursements	3,100	-	3,000
Other Financing Sources	74,515	75,000	75,000
<b>TOTAL REVENUES</b>	<b>\$ 3,177,777</b>	<b>\$ 3,282,209</b>	<b>\$ 3,384,049</b>
<b>EXPENDITURES:</b>			
Salaries and Wages	\$ 1,793,806	\$ 1,795,057	\$ 1,842,817
Employee Benefits	532,605	556,273	563,755
Purchased Services	565,788	592,911	641,011
Supplies and Materials	255,613	294,518	301,073
Capital Expenditures	20,410	5,000	6,500
Other Expenditures	3,878	4,300	4,300
<b>TOTAL EXPENDITURES</b>	<b>\$ 3,172,100</b>	<b>\$ 3,248,059</b>	<b>\$3,359,456</b>
<b>SURPLUS OR (DEFICIT)</b>	<b>\$ 5,677</b>	<b>\$ 34,150</b>	<b>24,593</b>
<b>FUND BALANCE, JUNE 30</b>	<b>\$ 580,797</b>	<b>\$ 614,947</b>	<b>\$ 639,540</b>
<b>Analysis of Equity Balances as of:</b>	<b>6/30/2018</b>	<b>6/30/2019</b>	<b>6/30/2020</b>
<b>Nonspendable</b>	3,235	3,235	3,235
Reserved for Community Education	441,327	462,186	468,402
Reserved for ECFE	38,651	36,987	65,691
Reserved for School Readiness	45,169	63,560	61,431
<b>Reserved/Restricted</b>	<b>525,147</b>	<b>562,733</b>	<b>595,524</b>
<b>Reserved for Other Purposes</b>	<b>52,415</b>	<b>48,979</b>	<b>40,781</b>
<b>Total Equity Balances</b>	<b>\$ 580,797</b>	<b>\$ 614,947</b>	<b>\$ 639,540</b>

## Debt Service Fund

The debt service fund is designated to account for revenues and expenditures associated with redemption of bonds issued by the school district. These bonds were issued to finance the acquisition, improvement and equipping of the district's buildings. By state law, debt service revenues and expenditures must be maintained in a separate fund.

Revenue consists of local taxes levied to pay the obligations, plus interest earnings on the balance in the fund. Expenses consist of principal and interest on bonds, plus a small amount for bank fees, service fees, and etc.

The debt service fund budget for FY 2019-2020 shows revenue of \$8,792,566 and expenses of \$9,175,769. The fund balance is projected to be \$1,071,035 on June 30, 2020. The schedule of bond payments and maturities is included below.

**Waconia Public Schools - ISD110**  
**Debt Service Schedule - Preliminary Budget**  
**Payment Schedule by Fiscal Year**

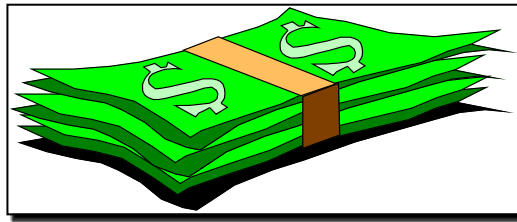
Payment Year	All Buildings - Additions and Improvements									Totals
	GO Refunding Building Bonds - 2009	GO Refunding Building Bonds - 2015A	GO Building Bonds - 2015B	GO Refunding Building Bonds - 2015C	GO Tax Abatement Bonds - 2017B	GO Facilities Maintenance Bonds - 2016A	Capital Facility Bonds - 2013	Certificates of Participation - 2017A (WLC)	GO Facilities Maintenance Bonds - 2017C	
	Principal & Interest	Principal & Interest	Principal & Interest	Principal & Interest	Principal & Interest	Principal & Interest	Principal & Interest	Principal & Interest	Principal & Interest	Principal & Interest
2019-2020	2,151,750	1,905,750	2,481,606	672,725	413,400	547,500	138,475	235,463	619,100	9,165,769
2020-2021	2,197,000	1,972,000	2,481,606	662,575	417,500	653,600	140,975	236,712	621,950	9,383,918
2021-2022	1,265,250	2,655,750	2,481,606	912,275	416,400	862,400	143,375	237,813	618,550	9,593,419
2022-2023		3,737,250	2,481,606	1,261,275	415,200	751,800	140,675	238,762	620,800	9,647,368
2023-2024		3,734,750	2,481,606	1,262,400	413,900	733,100	142,975	234,563	623,200	9,626,494
2024-2025		3,734,500	2,481,606	1,230,000	412,500	884,500		233,962	619,400	9,596,468
2025-2026		2,366,000	4,511,607		416,000	542,600		238,163	620,600	8,694,970
2026-2027			7,055,706		414,300	322,200		236,962	621,000	8,650,168
2027-2028			7,051,656		412,500	306,000		236,763	620,800	8,627,719
2028-2029			7,053,556		417,150			236,400	620,200	8,327,306
2029-2030			7,051,106		416,350			236,300	619,150	8,322,906
2030-2031			7,054,306		415,250			236,050	622,650	8,328,256
2031-2032			7,052,856		413,850			235,650	620,550	8,322,906
2032-2033			7,051,756		417,150			234,730	618,000	8,321,636
2033-2034			7,050,856					238,650		7,289,506
2034-2035			7,053,056					237,250		7,290,306
2035-2036			7,052,900					237,000		7,289,900
2036-2037			7,051,963					236,250		7,288,213
2037-2038			7,051,963							7,051,963
2038-2039			7,051,975							7,051,975

# INDEPENDENT SCHOOL DISTRICT #110

## Debt Service Fund Preliminary Budget

Board Approval Date - June 26, 2019

2019-2020 School Year



	2017-2018	2018-2019	2019-2020
	Audited Actuals	Revised Budget	Preliminary Budget
<b>FUND BALANCE, JUNE 30</b>	<b>\$ 1,835,588</b>	<b>\$ 1,976,207</b>	<b>\$ 1,454,238</b>
<b>REVENUES:</b>			
Local Sources	\$ 6,840,718	\$ 7,293,201	\$ 8,479,625
State Sources	149,127	312,941	312,941
Sale of Bonds	-	-	-
<b>TOTAL REVENUES</b>	<b>\$ 6,989,845</b>	<b>\$ 7,606,142</b>	<b>\$ 8,792,566</b>
<b>EXPENDITURES:</b>			
Debt Service Expenditures	\$ 6,849,226	\$ 8,128,111	9,175,769
<b>TOTAL EXPENDITURES</b>	<b>\$ 6,849,226</b>	<b>\$ 8,128,111</b>	<b>\$ 9,175,769</b>
<b>SURPLUS OR (DEFICIT)</b>	<b>\$ 140,619</b>	<b>\$ (521,969)</b>	<b>\$ (383,203)</b>
<b>FUND BALANCE, JUNE 30</b>	<b>\$ 1,976,207</b>	<b>\$ 1,454,238</b>	<b>\$ 1,071,035</b>

## Trust Fund

The Trust Fund is used to record the revenues and expenditures for trust agreements where the school board has accepted the responsibility to serve as trustee. The property in the trust agreement typically comes to the district by gift. For example, a community member may create a scholarship trust to be awarded to an outstanding student every year or the local parent group may establish a trust to purchase computer equipment. Trust funds are composed of two types: expendable and nonexpendable. Expendable trust funds are used where both principal and earnings may be spent. Nonexpendable trust funds are used to account for trusts which require that only earnings and not principal be spent.

The trust fund budget for FY 2019-2020 shows revenue of \$25,000 and expenses of \$28,100. The fund balance is projected to be \$96,905 on June 30, 2020.

### INDEPENDENT SCHOOL DISTRICT #110

#### Trust Fund Preliminary Budget Board Approval Date - June 26, 2019 2019-2020 School Year



	2017-2018	2018-2019	2019-2020
	Audited Actuals	Revised Budget	Preliminary Budget
<b>FUND BALANCE, JUNE 30</b>	<b>\$ 103,419</b>	<b>\$ 103,605</b>	<b>\$ 100,005</b>
<b>REVENUES</b>			
Local Sources:	\$ 15,597	\$ 25,000	\$ 25,000
<b>TOTAL REVENUES</b>	<b>\$ 15,597</b>	<b>\$ 25,000</b>	<b>\$ 25,000</b>
<b>EXPENDITURES</b>			
Scholarships	\$ 15,411	\$ 28,600	\$ 28,100
<b>TOTAL EXPENDITURES</b>	<b>\$ 15,411</b>	<b>\$ 28,600</b>	<b>\$ 28,100</b>
<b>PROJECTED SURPLUS OR (DEFICIT)</b>	<b>\$ 186</b>	<b>\$ (3,600)</b>	<b>\$ (3,100)</b>
<b>PROJECTED FUND BALANCE, JUNE 30</b>	<b>\$ 103,605</b>	<b>\$ 100,005</b>	<b>\$ 96,905</b>

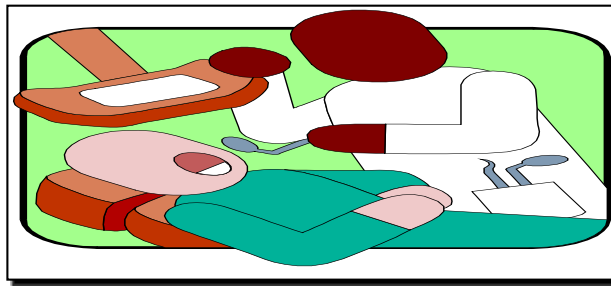
## Internal Service Fund

An internal service fund is used to account for the financing of goods or services provided by one department to another within the school district or to other governmental units on a cost-reimbursement basis. School districts are not required to use internal service funds. The most common use of an internal service fund by school districts is for self-insurance programs.

The Internal Service Fund is used to collect premiums and to pay invoices for the District's self-insured dental plan.

The internal service fund budget for FY 2019-2020 shows revenue of \$330,000 and expenses of \$394,000. The fund balance is projected to be \$218,554 on June 30, 2020.

### INDEPENDENT SCHOOL DISTRICT #110 Dental Benefits Internal Service Fund Preliminary Budget Board Approval Date - June 26, 2019 2019-2020 School Year



	2017-2018	2018-2019	2019-2020
	Audited Actuals	Revised Budget	Preliminary Budget
<b>FUND BALANCE, JUNE 30</b>	<b>\$ 401,028</b>	<b>\$ 346,554</b>	<b>\$ 282,554</b>
<b>REVENUES</b>			
Local Sources:	\$ 334,627	\$ 330,000	\$ 330,000
<b>TOTAL REVENUES</b>	<b>\$ 334,627</b>	<b>\$ 330,000</b>	<b>\$ 330,000</b>
<b>EXPENDITURES</b>			
Dental Claims Paid	\$ 389,101	\$ 394,000	\$ 394,000
<b>TOTAL EXPENDITURES</b>	<b>\$ 389,101</b>	<b>\$ 394,000</b>	<b>\$ 394,000</b>
<b>PROJECTED SURPLUS OR (DEFICIT)</b>	<b>\$ (54,474)</b>	<b>\$ (64,000)</b>	<b>\$ (64,000)</b>
<b>PROJECTED FUND BALANCE, JUNE 30</b>	<b>\$ 346,554</b>	<b>\$ 282,554</b>	<b>\$ 218,554</b>

## OPEB Irrevocable Trust Fund

This trust fund is used for reporting resources set aside and held in an irrevocable trust arrangement for post-employment benefits. District contributions to this fund must be expensed to an operating fund.

### INDEPENDENT SCHOOL DISTRICT #110 OPEB Irrevocable Trust Fund Preliminary Budget Board Approval Date - June 26, 2019 2019-2020 School Year



	2017-2018	2018-2019	2019-2020
	Audited Actuals	Revised Budget	Preliminary Budget
<b>FUND BALANCE, JUNE 30</b>	\$ 2,440,886	\$ 2,339,148	\$ 2,234,148
<b>REVENUES</b>			
Local Sources:	\$ 115,155	\$ 130,000	\$ 130,000
<b>TOTAL REVENUES</b>	\$ 115,155	\$ 130,000	\$ 130,000
<b>EXPENDITURES</b>			
Employee Insurances	\$ 216,893	\$ 235,000	\$ 235,000
<b>TOTAL EXPENDITURES</b>	\$ 216,893	\$ 235,000	\$ 235,000
<b>PROJECTED SURPLUS OR (DEFICIT)</b>	\$ (101,738)	\$ (105,000)	\$ (105,000)
<b>PROJECTED FUND BALANCE, JUNE 30</b>	\$ 2,339,148	\$ 2,234,148	\$ 2,129,148

## **OPEB Debt Service Fund**

Activity to record levy proceeds and the repayment of the OPEB bonds is accounted for in this fund. The debt service schedule for this fund is listed below.

**Waconia Public Schools - #110**  
**Other Post Employment Benefits Debt Service Schedule**  
**Payment Schedule by Fiscal Year**

<b>Payment Year</b>	<b>Total Principal &amp; Interest</b>
2012-2013	352,113
2013-2014	356,088
2014-2015	353,088
2015-2016	354,588
2016-2017	349,625
2017-2018	348,400
2018-2019	349,800
2019-2020	0

The OPEB Debt Service Fund budget for FY 2019-2020 shows no revenues or expenses. The fund balance is projected to be \$70,849 on June 30, 2020. The state will now begin the process of liquidating the fund balance and returning it to the taxpayers through the levy process.

# INDEPENDENT SCHOOL DISTRICT #110

## OPEB Debt Service Fund Preliminary Budget

Board Approval Date - June 26, 2019

2019-2020 School Year



	2017-2018	2018-2019	2019-2020
	Audited Actuals	Revised Budget	Preliminary Budget
<b>FUND BALANCE, JUNE 30</b>	\$ 76,438	\$ 73,387	\$ 70,849
<b>REVENUES:</b>			
Local Sources	\$ 344,796	\$ 344,497	\$ -
State Sources	1,003	2,765	-
<b>TOTAL REVENUES</b>	<b>\$ 345,799</b>	<b>\$ 347,262</b>	<b>\$ -</b>
<b>EXPENDITURES</b>			
Bond Payments and Expenses	\$ 348,850	\$ 349,800	\$ -
<b>TOTAL EXPENDITURES</b>	<b>\$ 348,850</b>	<b>\$ 349,800</b>	<b>\$ -</b>
<b>PROJECTED SURPLUS OR (DEFICIT)</b>	<b>\$ (3,051)</b>	<b>\$ (2,538)</b>	<b>\$ -</b>
<b>PROJECTED FUND BALANCE, JUNE 30</b>	<b>\$ 73,387</b>	<b>\$ 70,849</b>	<b>\$ 70,849</b>

## **Building Construction Fund**

The Building Construction Fund is used to record all operations of a district's building construction program that are funded by the sale of bonds or by capital loans. This fund is currently being used to track the construction payments for the new athletic complex which includes twelve tennis courts and an outdoor hockey rink near the high school campus. It is also being used to track the expenses related to the expansion of the Southview Elementary School parking lot. Lastly, it is being used to track the final expenses related to the construction of the high school stadium project.

# INDEPENDENT SCHOOL DISTRICT #110

## Construction Fund Preliminary Budget

Board Approval Date - June 26, 2019

2019-2020 School Year



	2017-2018	2018-2019	2019-2020
	Audited Actuals	Revised Budget	Preliminary Budget
<b>FUND BALANCE, JUNE 30</b>	<b>\$ 10,154,422</b>	<b>\$ (126,014)</b>	<b>\$ 13,236</b>
<b>REVENUES:</b>			
Local Sources	\$ 134,100	\$ 79,000	\$ -
State Sources	-	-	-
Federal Sources	-	-	-
Other Sources	12,891,311	2,421,569	500,000
<b>TOTAL REVENUES</b>	<b>\$ 13,025,411</b>	<b>\$ 2,500,569</b>	<b>\$ 500,000</b>
<b>EXPENDITURES:</b>			
Construction Expenditures	23,305,847	2,361,319	800,000
<b>TOTAL EXPENDITURES</b>	<b>\$ 23,305,847</b>	<b>\$ 2,361,319</b>	<b>\$ 800,000</b>
<b>SURPLUS OR (DEFICIT)</b>	<b>\$ (10,280,436)</b>	<b>\$ 139,250</b>	<b>\$ (300,000)</b>
<b>FUND BALANCE, JUNE 30</b>	<b>\$ (126,014)</b>	<b>\$ 13,236</b>	<b>\$ (286,764)</b>